

Members

Sen. Patricia Miller, Chairperson
Sen. Ryan Mishler
Sen. Vaneta Becker
Sen. Edward Charbonneau
Sen. Beverly Gard
Sen. Jean Leising
Sen. Carlin Yoder
Sen. Sue Errington
Sen. Jean Breaux
Sen. Earline Rogers
Sen. Vi Simpson
Rep. Charlie Brown, Vice-Chairperson
Rep. Peggy Welch
Rep. John Day
Rep. Craig Fry
Rep. Charles Moseley
Rep. Win Moses
Rep. Scott Reske
Rep. Timothy Brown
Rep. Richard Dodge
Rep. David Frizzell
Rep. Don Lehe
Rep. Eric Turner



HEALTH FINANCE COMMISSION

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Authority: IC 2-5-23

MEETING MINUTES¹

Meeting Date: September 29, 2009
Meeting Time: 9:30 A.M.
Meeting Place: State House, 200 W. Washington St., 431
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Sen. Patricia Miller, Chairperson; Sen. Ryan Mishler; Sen. Vaneta Becker; Sen. Jean Leising; Sen. Sue Errington; Sen. Vi Simpson; Rep. Charlie Brown, Vice-Chairperson; Rep. Peggy Welch; Rep. John Day; Rep. Charles Moseley; Rep. Richard Dodge; Rep. David Frizzell; Rep. Eric Turner.

Members Absent: Sen. Edward Charbonneau; Sen. Beverly Gard; Sen. Carlin Yoder; Sen. Jean Breaux; Sen. Earline Rogers; Rep. Craig Fry; Rep. Win Moses; Rep. Scott Reske; Rep. Timothy Brown; Rep. Don Lehe.

Chairperson Miller called the meeting to order at 10:05 a.m. and reminded the

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Commission that the bus to take Commission members to the tour of Methodist Hospital's emergency room would be at the Statehouse at 1:00 p.m. today and that the tour would conclude around 2:00 p.m. Chairperson Miller also reminded the Commission that the next Commission meeting would be on October 19, 2009 at 1:00 p.m.

Health information technology

Dr. Todd Rowland, HealthLink, informed the Commission that Indiana is in a favorable position to compete for Hi-TECH funding from the federal American Recovery and Reinvestment Act of 2009. Dr. Rowland stated that Indiana leads the nation in Health Information Exchange (HIE) technology and has the first HIE-HIE network in the country that includes 12,000 physicians and five million patients. Dr. Rowland informed the Commission that video conferences are being presented at several different locations in the state concerning health information technology. Dr. Rowland provided the Commission with information on multiple federal grants that Indiana is applying for concerning health information technology. See Exhibit 1.

Dr. Rowland stated that there are a couple of health-related areas that Indiana could improve on, including electronic prescribing and public health outcomes. When asked what Indiana can do in these areas, Dr. Rowland stated that communication with pharmacies should be encouraged concerning electronic prescribing to ensure that the pharmacies' computer systems are compatible for the acceptance of electronic prescriptions. When asked about the FCC grant for expanding broadband and Indiana's status, Dr. Rowland stated that the matching money for this initiative was not included in Indiana's budget and that this lack of money is causing some turbulence for Indiana's grant application.

Mr. David Johnson, President of BioCrossroads, stated that the federal money will be put to good use to build on the HIE system that Indiana already has in place and that Indiana will negotiate with the federal government on how the money can be spent.

Emergency medical care personnel

Senator Tallian informed the Commission that two conflicting statutes are causing confusion concerning firefighters and emergency medical services. Senator Tallian stated that firefighters are generally not employees-at-will and are subject to a tenure procedure under the local government statutes concerning merit boards. The emergency medical services statutes are located in the health statutes and provide for a disciplinary procedure for emergency medical technicians (EMT) to go through the Emergency Medical Commission under the Department of Homeland Security. Senator Tallian said that since there are firefighters that also serve as EMTs, there is a question as to what governing entity should discipline the firefighter and that the merit boards do not have medical expertise if needed to review an incident involving a medical decision by the EMT firefighter. Senator Tallian referred to a court case (Rinehart v. Greenfield) which demonstrates the conflict between the two statutes.

Mr. Tom Hanify, representing the firefighters, stated that he represents over 2000 firefighter paramedics and he agrees that there is a problem in this area and that something needs to be done about the conflict.

Mr. Brad Thatcher, State EMS director for the Department of Homeland Security, stated that there is a lack of clarity on this issue and that changes do need to be made.

Dr. Sara Brown, emergency room physician and EMS Medical Director for

Parkview Hospital in Fort Wayne, IN, told the Commission that she wants to make sure that the medical director has the ability to refuse to supervise an EMT since the EMT is operating under the medical director's medical license. Dr. Brown stated that she is not opposed to having due process for these individuals, but she does not want to be responsible for an EMT when she is not comfortable with the EMT's ability to provide medical care.

Wishard Hospital update

Mr. Matt Gutwein, President and CEO of Health and Hospital Corporation of Marion County, discussed the replacement facility proposal for Wishard Hospital. See Exhibit 2. Mr. Gutwein made the following points:

- the current Wishard hospital facilities are old and can no longer be renovated
 - mechanical and electrical systems are failing and the current facility lacks the space to replace them with a modern system
- a new hospital can be constructed for less money with no property tax increase.
- Indiana University has agreed to a land exchange with Wishard Hospital to allow Wishard to build the new facility and the area includes space to expand Wishard Hospital in the future if necessary.
- Wishard Hospital is financially stable and the proposed project will be funded with \$150 million in cash, \$600 million in bonds, with debt service of \$38 million per year. Wishard can comfortably cover this debt service and will not need additional property taxes.
- Wishard is the largest provider of indigent care and ambulatory care and has the busiest emergency room in Indiana.
- Wishard hospital's average occupancy rate is 98%, whereas the national average occupancy rate is 68% and a hospital is considered full at 80%.
- the amount of property taxes that Wishard receives from Marion County represents only 5% of Wishard's budget (\$38 million dollars of the \$894 million Wishard budget).
- Wishard Hospital is different from other entities in that its fixed costs are at only 40% whereas variable costs are at 60%, and if revenue decreased for the hospital, it could decrease its expenses to compensate.

Mr. Gutwein stated that a referendum to vote on the proposed new facility will be on the Marion County ballot this November because the proposal calls for issuing general obligation bonds instead of revenue bonds. Mr. Gutwein informed the Commission that the proposal calls for using Build America bonds instead of revenue bonds because of the interest rate difference. Mr. Gutwein commented that three different cost estimates were obtained in order to verify the \$754 million estimate of the cost of the project. Mr. Gutwein said that the project is shovel ready if the referendum is approved in November.

Mr. Gutwein informed the Commission that there is bipartisan support for this proposal. Sen. Miller and Representative Day both indicated their support for the proposal. When asked about the Health and Hospital Corporation's presence as a nursing facility operator, Mr. Gutwein stated that Wishard Hospital operates 35 nursing homes statewide through the use of a management company, and that this is a lucrative business for the Health and Hospital Corporation.

Contracted medical provider access

Dr. Ben Park, CEO of American Health Network, stated that his company believes

in managed care as a way to improve quality and decrease costs to patients, employers, and insurance providers and that he wants to work with insurance companies to provide quality care to patients. Dr. Park stated that physicians should be allowed to deny accepting a new patient to allow for innovation and to see patients with favorable insurance coverage. Dr. Park remarked that he is not asking to drop out of an insurance network. Dr. Park explained that some insurance companies include contract provisions that require a provider to be open to the insurance company's patients if the provider is open to patients from any other insurance company. Dr. Park stated that based on market share, a provider does not want to be required to take too many patients from one insurer. Dr. Park supports legislation that would protect small businesses while providing patients access to care by prohibiting contract provisions that require a provider to be open to every patient. See Exhibit 3.

Mr. Mike Rinebold, Indiana State Medical Association, informed the Commission of a 2005 legal settlement involving Anthem in which Anthem could not prohibit a medical provider from closing access to a patient of a third party payor until 2009. Mr. Rinebold stated that in 2009 the Indiana State Medical Association filed a claim against Anthem for failure to comply with the settlement agreement due to delays in claims processing, timeliness of reimbursement, and poor customer service; this claim will be mediated later this year. Mr. Rinebold requested that legislation be passed to allow medical providers the opportunity to close access for new patients based on the patient's insurance company. When asked how many insurance companies have contract provisions requiring a provider to remain open to its enrollees if open for other insurance companies, Mr. Rinebold stated that confidentiality clauses usually do not allow access to contracts to show examples to the Commission. See Exhibit 4.

Ms. Linda Wilgus, representing the Indiana Medical Group Management Association, stated that a business should have a right to be able to manage its patient group and that this is a business decision. Ms. Wilgus stated that legislation prohibiting these contract provisions would actually increase patient access to care by allowing a provider to close to one insurance company but remain open to others. Ms. Wilgus provided the Commission with a letter from Vicki Fadorsen of Family Medicine of South Bend stating that a business should be able to make the business decision to close the practice to a patient insured by a particular insurance company for various business reasons. See Exhibit 5.

Mr. John Willey, Anthem Blue Cross Blue Shield, testified that Anthem is a quality company. Mr. Willey stated that the contract provision discussed today is to protect patients and the insurance company from discrimination. Mr. Willey further stated that if Anthem tells its members that a provider is in network, Anthem would like to make sure that access is available. Mr. Willey commented that providers are cherry picking for the patients they would like to have.

Ms. Linda Barrabee, Vice President of Provider Relations for Anthem, stated that Anthem does include anti-discriminatory language in its contracts, including language that prohibits discrimination based on payment source. Ms. Barrabee stated that it is fine if a provider wants to stop taking new patients completely because there is a quality of care issue if the practice is over-extended. Ms. Barrabee informed the Commission that Anthem had a situation a few years ago where a provider group was telling its patients that if the patients changed their insurance to Anthem, the patient would no longer be seen by the provider. Ms. Barrabee stated that Anthem wants to work with providers and hospitals on managed care and clinical-based quality care.

When asked whether Anthem has different reimbursement rates for different

providers depending on the size of the provider group, Ms. Barrabee stated that criteria other than size are considered when determining a reimbursement rate. Ms. Barrabee stated that she could not comment on Mr. Rinebold's testimony since the compliance dispute is a pending legal issue. Ms. Barrabee stated that Indiana has higher medical unit costs than Indiana's surrounding states, and was asked by the Commission to find out how Indiana's administrative costs compare to the surrounding states.

Staff was asked to find out how many states have legislation on the open access issue.

Other matters

Mr. Dan Seitz, Bose Public Affairs Group, provided the Commission with material concerning the assignment of benefits issue and asked that it be made part of the record of the Commission's work. See Exhibit 6. Mr. Seitz states in his letter that he would like to clear up some mis-impressions he believes were made by presenters at the September 1, 2009 Commission meeting.

The meeting was adjourned at 12:45 p.m.